

Your Value Message is...

By Stan Pohmer

In late January, I had the pleasure of working with growers, locally owned garden centers and landscapers at the Garden Center Symposium/Midwest Perennial Conference in Wisconsin, the North Dakota Nursery & Greenhouse Association Conference and the Next

Level Conference sponsored by OFA and ANLA in Nashville, Tenn.

The attendees at these events were survivors of the recent economic downturn. They made the hard decisions to allow their businesses to stay above water, and are now looking at what they need to do to start thriving again as the economy

slowly, but steadily, improves. Though they all came from different places in the marketplace and our industry, there was one very common denominator they all were concerned about — how to position their pricing.

We've all heard about the new consumer mindset in the post-recession era that is laser-like focused on value, and I think we all recognize that consumers will not revert to their old way of thinking anytime soon. Locally owned garden centers (LOGCs) need to deliver this value, especially the comparative value that the consumer looks for when they are making their purchasing decisions. The problem, however, is that too often we equate "value" with "low price." And not that we should want to, but the boxes simply have too much buying clout and power, and their operating costs are lower, for you to compete with them on price value. It would destroy your bottom line.

But is price the reason your customer is really coming to you? Keep in mind that you are a final destination, not a retail venue a consumer just happens to drop in to or an impulse location. Consumers make a conscious decision to visit your store. They have a pre-determined reason for coming to you, and they have a very high propensity to spend when they get there. The \$64,000 question is have you given them a compelling reason to drive to your store in the first place? Have you communicated to them that you offer a superior comparative value over their other choice of venues (like the boxes)?

Survey Says

I just studied two research reports that may shed some light on our value challenge. The first is a consumer benchmark report commissioned by the Food Marketing Institute and conducted by research groups Daymon Worldwide and the Hartman Group titled Reframing Retail through the Lens of Changing Food Culture, that highlights how differently Americans are buying, preparing and eating their food. OK, so we're not in the food business per se, but the study included a major focus on consumer attitudes about price, and the food/supermarket retail playing field is even more competitive and focused on price than our industry could even think about being, so there are strong parallels to observe in this report.

Food retailers said they were highly concerned about increased consumer price sensitivity, and they've battled to keep up with their competitors' prices, both every day and through increased price promotions. But it appears retailers are more concerned with having the lowest prices than their customers are, as summarized in the comments from the study's consumer research:

"Appealing to consumers today requires much more than offering a wide range of products at the lowest price. While this is an effective way to attract shoppers, it does not secure loyalty. Instead, it conditions shoppers to look elsewhere to find a lower price. Another way to add value and build loyalty is to understand what consumers want that they can't get elsewhere. Part of that is offering consumers products that go beyond the usual. This involves creating a compelling retail environment (and experience) that inspires shoppers."

I think we've all become familiar with the term "showrooming." This is most prevalent with easily compared brand name products (especially electronics) where the consumer browses for merchandise in a retail store, then searches the Internet for the product they see in the store, and orders it online because the price is lower. There are not many of our industry's products available for home delivery shipping yet, and the products offered in the LOGCs are not easily compared online with the big box offerings, but the second research report offered some key insights on what drives the consumer behavior to showrooming shopping that are applicable to your business.

Northwestern University's Kellogg Center for Global Market Practice's annual Kellogg Shopper Index surfaced some interesting information. This year's survey found that 59 percent of participating shoppers said they received poor or average service in the stores where they

recently shopped. Among shoppers who said they engaged in showrooming, 40 percent reported they actually never intended to buy online, but they were driven there after experiencing poor customer service and support in stores.

The Next Steps

So what are the takeaways from these research reports that can be applied to LOGCs?

1. Price will always be an important factor in the consumer's purchase decision, but it can become less critical in the decision process if you can provide a better shopping environment and experience than your competition.

2. While your big box competition's value proposition is focused on low prices, you need to identify and communicate your very different and unique competitive advantage/value proposition focused on meeting the needs of your customers.

3. In the absence of excellent customer service and support, price becomes the default comparison and has the power to walk your customers to the competition. The converse to this statement is that superior customer service and support will help overcome a competitor's lower prices.

4. Selling on price alone is a transactional approach to business, selling one plant at a time; this is the focus of the boxes. LOGCs should be selling solutions, satisfaction, success, inspiration, experience and enhanced quality of life, all things that transcend price and build loyalty.

I challenge you to ask yourself these questions and answer honestly as your customer might. If you have trouble responding, you might want to think about refining your value proposition and message communications strategy:

- What does your brand stand for?
- What sets you apart from your competition?
- What are the top three most compelling reasons a consumer should make the conscious decision to go to your store instead of your competitor's?
- How do you effectively communicate your answers to these questions to existing and potential customers?

Playing the price game with the boxes as your primary marketing strategy is a quick way to go out of business. But, as these studies show, we tend to put more emphasis on price value than the consumer does. It's time we start selling what the customer wants to buy. And it's not just about your products... **LGR**

Stan Pohmer is president of Pohmer Consulting Group in Minnetonka, Minn. He can be reached at spohmer@pohmer-consulting.com or 952.545.7943.



Stan Pohmer